

## Message Text

SECRET

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ACTION EA-13

INFO OCT-01 SS-14 ISO-00 NSC-10 NSCE-00 CIAE-00 INR-10

NSAE-00 RSC-01 L-02 PM-03 DODE-00 SPC-01 SAM-01 PRS-01

DRC-01 EB-03 COME-00 TRSE-00 H-01 AID-10 OMB-01 /073 W  
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P 130917Z FEB 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 1017

S E C R E T MANILA 1680

LIMDIS

EMO. 11652: GDS

TAGS: EGEN, PFOR, MASS, RP

SUBJECT: FORTHCOMING US-GOP NEGOTIATIONS

REF: MANILA 1594

1. AS FIRST STEP IN DEVELOPING OUR FUTURE COURSE OF ACTION IN LIGHT OF PHILIPPINE NOTE REPORTED REFTEL, WE HAVE NOW EXPLORED THE MATTER WITH EXECUTIVE SECRETARY MELCHOR, FOREIGN SECRETARY ROMULO, AND FINANCE SECRETARY VIRATA. WE WILL BE PURSUING FURTHER SUCH DISCUSSIONS IN NEXT FEW DAYS AS OPPORTUNITIES ARRISE. IN MY CONVERSATIONS WITH ROMULO AND VIRATA, IT BECAME CLEAR THAT NOTE WE RECEIVED WAS GENERALLY AGREED CABINET COMMITTEE RESPONSE AND VIRATA SEEMED PARTICULARLY PLEASED WITH ACTION, EVEN THOUGH I SUSPECT THIS PARTICULAR BIT OF THEATER WAS ROMULO'S OWN CONCOCTION.

2. AT MY REQUEST ARNOLD DISCUSSED MATTER AT LENGTH WITH EXEC SEC MELCHOR LAST NIGHT. ARNOLD INDICATED AMONG OTHER THINGS THAT APPROACH REPRESENTED BY NOTE LIKELY TO ENGENDER VERY NEGATIVE REACTION FROM U.S. BUSINESS COMMUNITY AND, THEREFORE, COULD RESULT

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IN CONSIDERABLE BACKLASH WITH THE U.S. CONGRESS

WHICH WOULD REBOUND TO PHILIPPINE DISADVANTAGE IN NEGOTIATION. IT WAS ALSO CONVEYED TO MELCHOR THAT I DID NOT WISH TO TRY TO NEGOTIATE IN THE CURRENT CIRCUMSTANCES WITH ROMULO, BUT WAS RELUCTANT TO APPEAR TO BYPASS HIM. I WOULD THEREFORE WELCOME AN INVITATION FROM THE PRESIDENT TO TALK WITH HIM DIRECTLY ON THE SUBJECT. MELCHOR RESPONDED THAT HE UNDERSTOOD THE PRESIDENT WAS VERY INTERESTED IN SUCH A TALK, AND SAID HE WOULD CONVEY THE MESSAGE TO THE PRESIDENT IMMEDIATELY.

3. THE KEY FACT EXPOSED BY THE PHIL NOTE AND underscored in talk with MELCHOR is that thinking on issues in Philippine Panel is still at too high a level of generality to yield very helpful drafting. MELCHOR HOPES, AND I CERTAINLY AGREE, THAT WHEN THE PRESIDENT AND I TALK WE CAN CUT THROUGH SOME OF THE IMPASSE SO THE PHIL PANEL CAN THEN BE DIRECTED TO WORK ON PARTICULARS.

4. WHILE IT HAS NOT YET OCCURRED, WE MUST CONSIDER THAT IT IS ONLY A MATTER OF TIME BEFORE EXISTENCE OF PHILIPPINE NOTE IS WIDELY KNOWN IN MANILA AND PROBABLY PICKED UP BY THE PRESS. AS INDICATED IN REFTEL, THEREFORE, IN FEBRUARY 14 MEETING WITH BUSINESS LEADERSHIP, WE WILL INFORM THEM OF CONTENT OF PHILIPPINE NOTE AND WILL INDICATE THAT WE DISCUSSING FUTURE COURSE WITH DEPARTMENT AND MAKING DILIGENT EFFORT TO ARRIVE AT A BASIS FOR PROGRESS ON THESE NEGOTIATIONS WITH THE PHILIPPINES.

5. MELCHOR INQUIRED LAST NIGHT WHETHER IT MIGHT BE OUR INTENT TO RESPOND FORMALLY TO THE PHILIPPINE NOTE. HE WAS INFORMED THAT WE HAD NO PRESENT INTENT TO DO SO.  
SULLIVAN

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN INVESTMENT, TRADE AGREEMENTS, DIPLOMATIC NOTES  
**Control Number:** n/a  
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